

GOVERNING TRANSPORTATION:

**Who's in charge?
How do we achieve results?**

**Washington Roundtable Economic Climate Committee
October 1999**

TABLE OF CONTENTS

Executive Summary	3
Transportation in Trouble	5
Governance Options	10
Criteria for Assessing Governance Models	10
Strong Commission Model (current WSDOT governance)	10
Strong Governor Model	12
Strong Secretary Model	13
Stronger Regional Council Model	14
Conclusion:	
Structure versus Results	16
Recommendations	17
Bibliography	22

EXECUTIVE SUMMARY

Our state's transportation system is in serious trouble. Here are just a few indicators:

- Washington State has among the worst congestion levels among all 50 states.
- Over the past decade, our state added only 47 system miles of new roads despite population growth of over one million people.
- Among all 50 states, our state imposes a high administrative cost burden on transportation projects. Some counties and cities also have high overhead costs.
- Because of federal mandates, regional councils now have greater control than do state officials over the expansion of our state's freeways and highways.
- The Growth Management Act (GMA) does not include strong mandates or sanctions for those communities who refuse to add needed infrastructure to keep pace with growth.

There are few existing models of transportation governance. Almost two-thirds of the states have transportation commissions similar to ours. Only 18 states put their governor in direct control of transportation, but 42 states give the governor the power to hire and fire the highest-ranking state transportation official. No state vests its transportation governance in an independent authority under a "transportation czar." Some states give greater control to the regional councils in their larger metropolitan areas.

After reviewing transportation performance data and governance structure in all 50 states, we were surprised to learn that there was no statistical correlation between the type of governance utilized by each state and transportation system performance. This leads us to one inescapable conclusion: Because changing the governance structure does not necessarily improve transportation mobility, we need new state-mandated performance standards that foster accountability for our existing state, regional, and local transportation agencies.

Like education reform and welfare reform, transportation reform should focus on accountability and outcomes. Therefore, the Washington Roundtable offers the following recommendations to help achieve the results desired by citizens and business.

- 1. Require accountability for all players.**
- 2. Create accountability through funding.**
- 3. Improve funding and project delivery systems.**
- 4. Adopt new design and construction methodologies.**
- 5. Create mandatory physical standards for Highways of Statewide Significance.**
- 6. Establish clear GMA concurrency standards for transportation.**

- 7. Require maintenance of effort by local governments.**
- 8. Limit administrative costs to 10 percent.**
- 9. Reduce existing funding pots and target new monies for congestion relief and freight mobility.**
- 10. Develop long-term, sustainable transportation funding solutions.**
- 11. Establish congestion districts for high-cost, congested urban areas.**
- 12. “Incentive-ize” new state money for local governments.**
- 13. Consider having new transportation projects pay for themselves.**

While adopting these recommendations will not completely eliminate congestion in our major cities, doing so will significantly improve traffic flow in our urban corridors, increase freight mobility, and, most importantly, improve our quality of life.

TRANSPORTATION IN TROUBLE

In the Washington Roundtable report *Why Transportation Matters*, we learned that other states and nations were aggressively attacking their transportation problems. Bold leadership and new ideas were emerging to plan and build world-class transportation projects, often with renewed emphasis on cost-effectiveness and timeliness. This led us to ask how we compare to others in terms of traffic congestion, construction costs, administrative overhead, and many other factors.

Our analysis of the best available data has led us to one inescapable conclusion: Our state's transportation system is in trouble. Serious trouble.

The Washington State Department of Transportation (WSDOT) cannot be singled out and blamed for our transportation problems. These problems are the result of decades of ad hoc decision-making at all levels of government coupled with explosive population growth over the past 15 years. Each of us must shoulder some responsibility, because statisticians tell us that most of us are using our cars to make more trips than ever before. No matter the cause, the fact is that Washington State has fallen behind in terms of transportation.

Washington State's urban freeways and arterials are extremely congested. In 1997, the Federal Highway Administration (FHWA) rated almost 11,000 miles of our state's urban highways and arterials as seriously congested and ranked Washington State as having the second worst congestion level among all 50 states. Almost two-thirds of Washington's interstate highway system was rated as seriously congested and ranked third worst among all 50 states.

A federally funded, national study by the Texas Transportation Institute now ranks our largest metropolitan area, Central Puget Sound, in a three-way tie for the worst rush hour traffic among 70 regions in the nation (table 1). Our state's largest metropolitan area tied with Los Angeles and San Francisco, which have twelve and four times the population of Central Puget Sound.

Freeway congestion in Central Puget Sound is now worse than in New York City, Philadelphia, Baltimore, Atlanta, and 67 other metropolitan areas. In short, we are far worse off than any other state with comparable population and densities (table 2). We cannot simply dismiss this fact by assuming we are faced with geographical barriers unlike any other state. Chicago has Lake Michigan and many rivers. New York has many rivers and islands, including Manhattan Island. And both of those metropolitan areas have far more people than we do; yet our freeways are more congested.

Table 1: Worst rush hour commutes

If a midday trip takes 20 minutes, how many minutes does the same trip take during rush hour?	
1. Los Angeles, CA.....	30.2 min. = +50%
1. San Francisco, CA.....	30.2 min. = +50%
1. Seattle/Everett, WA.....	30.2 min. = +50%
2. Washington, D.C.....	29.6 min. = +48%
3. Las Vegas, NV.....	29.0 min. = +45%

Source: Texas Transportation Institute, 1998.

Table 2: Worst freeway congestion

Congested percentage of person miles of travel	
1. Los Angeles, CA.....	85%
2. Seattle/Everett, WA.....	80%
3. Washington, D.C.....	75%
3. San Bernadino/Riverside, CA.....	75%
3. Las Vegas, NV.....	75%

Source: Texas Transportation Institute, 1998.

For the past decade, population and job growth have been concentrated in urban counties, with the result that transportation needs are no longer uniform across the state. But, the adverse effects of a dysfunctional transportation system hurt the economic well-being of all citizens, no matter where they live in Washington State. For example, congestion in urban areas impairs freight mobility statewide. A shipment of apples from Eastern Washington destined for Japan gets caught in the same traffic jams that frustrate Seattle commuters. Our traditional one-day advantage in shipping goods to and from the Pacific Rim is being lost in bumper-to-bumper traffic, and our agricultural producers are losing cost-effective backhaul opportunities.

Our state has done well in building and operating modern transit systems. Transit ridership is generally higher in our cities than in comparably sized communities around the nation. Our transit agencies have traditionally been better funded than their counterparts around the nation. This means Washington State invests more money per rider than any other state. Because transit typically carries only 5 to 10 percent of rush hour commuters in most cities, transit alone cannot be expected to reduce traffic congestion. We need a combination of modern freeways, arterials, *and* transit. This combination offers the best opportunity for reducing traffic congestion as our population continues to grow.

Washington State has more than 468 governmental entities that have some authority for transportation planning, funding, and construction. By necessity, our governance review focuses on state government and how it manages the state highway system and provides leadership to regional and local governments.

Comparative national data and the state's own transportation audit suggest that our state construction costs are higher than they should be. Given the size of our state's highway system, it costs more to administer than those of most other states. In 1997, the FHWA reported that Washington ranked ninth among all 50 states in state highway expenditures made per *system* mile

of highway, and tenth in expenditures per *lane* mile.

For administrative overhead, Washington ranks 12th highest among all 50 states for number of state transportation employees. It is not surprising then, to learn that our state ranks fourth highest in terms of the administrative cost burden imposed upon transportation expenditures.

Part of the explanation for the high administrative cost for state highway administration may lie in the fact that our state highway system is underbuilt for a state of our population. While Washington ranks 15th in population, our state highway system is 35th from the largest. For a per capita comparison, our department of transportation ranks 26th in number of agency staff (full-time equivalents) per 1,000 population, about the midpoint for all 50 states. We've built up a state agency capable of maintaining and expanding our state highway system but have added precious few system or lane miles over the last decade.

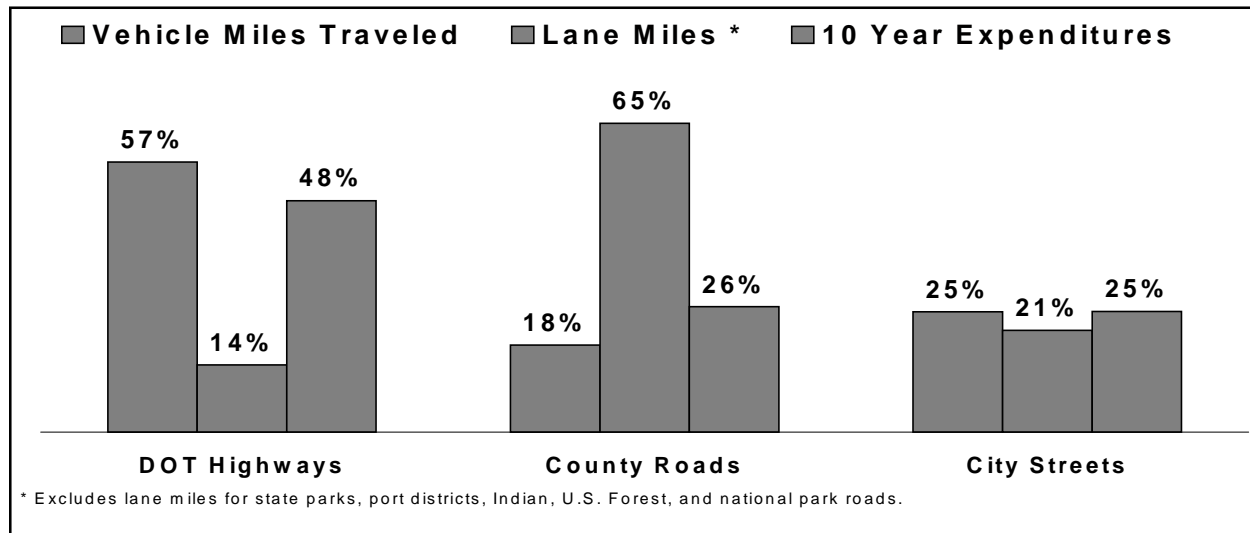
For example, between 1987 and 1996 our state added only 47 system miles of new highways, a statistically insignificant amount for a state-operated system of 7,043 total miles. In 1987, Washington drivers drove about 105 million miles every day. By 1997, that number jumped to 140 million, an increase of about 35 million miles a day. Despite this huge growth in travel, there was no proportional increase in the size of our overall highway system. No wonder Washington's traffic congestion level soared to the top of the charts.

There is also substantial evidence that our state highway system is underbuilt and underfunded compared to county roads and city streets. From 1987 to 1996 the state highway system comprised about 14 percent of the lane miles in our state but carried 57 percent of all traffic, yet WSDOT received only 48 percent of all transportation funds (figure 1). During that time, WSDOT highway revenues grew 16 percent, or 1.5 percent per year, but county road revenues grew 105 percent (7.4 percent per year) and city revenues grew 131 percent (8.7 percent per year).

Among local governments in our state, some cities and counties have notably high costs of administration for their transportation or public works departments. For example, from 1987 to 1996 King County spent about 17 percent of its county road expenditures on administrative overhead. Seattle spent 23 percent on overhead. In contrast, WSDOT spent about 5 percent of its state highway budget on administration during the same period (although WSDOT currently reports its overhead burden at 7 to 8 percent and the FHWA estimates it to be over 11 percent).

In 1991, our legislature adopted the Growth Management Act (GMA). Despite strong mandates that state and local governments build infrastructure such as roads concurrently with population and job growth, the "concurrency gap" has widened and traffic congestion has worsened.

Figure 1: State and local highway and road expenditures, lane miles in system, and vehicle miles traveled.



Source: Jensen, Pierce, and Schlatter, 1999.

Compounding the transportation funding problem, some local governments have not maintained their fair share of transportation funding. When state-provided funds went up, they reduced local spending for roads. While motorists paid more gas taxes at the pump, the condition of the roads and their commutes deteriorated. For example, from 1986 to 1995 Seattle's general fund spending for local roads dropped precipitously each year, from \$20.7 million in 1986 to only \$10 million by 1995. Considering the impact of inflation, Seattle incurred a cumulative loss of transportation spending power that totaled almost \$100 million over ten years. To its credit, Seattle has begun to reverse this trend, augmenting funding and adopting policies supportive of full funding in its new transportation strategic plan.

There is no question that needed transportation investments lack stable and predictable funding sources at all levels of government. Gasoline prices have been relatively flat since the early 1980s. The fuel economy of the average car has improved dramatically. At the same time, highway construction costs have risen with inflation. Statistics indicate that we drive our cars more miles each year than ever before. When we drive more miles and yet buy less gas to do so, we pay less in gas taxes but put more wear and tear on the roads.

Surveys tell us that the public, when asked about transportation, perceives a leadership vacuum. The lack of strong leadership and accountability may be a byproduct of the "freeway wars" of the 1980s. Or it may be the result of how we changed the way we govern transportation. Or it may be that motorists are simply unhappy as they experience more and more congestion in their daily commutes and see no solutions in sight.

Planning for state freeways and highways has become more decentralized and fragmented. Although regional councils and local governments do not view the interstate and state systems as local priorities, they play a critical role in governing them. In 1991 Congress enacted the Intermodal Surface Transportation Efficiency Act (ISTEA, pronounced “ice tea”), a six-year bill authorizing a wide range of federal aid transportation programs. While ISTEA provided needed funding to the 50 states, it also gave regional councils absolute control over all future federally funded and “regionally significant” transportation projects. These regional councils are governed by local officials appointed to the councils by their respective city or county councils or county commissions. In June 1998 the enactment of the Transportation Equity Act for the 21st Century (TEA-21) continued to bolster the control of regional councils over state highway systems that began with ISTEA.

This leads the Washington Roundtable to ask, Who’s in charge of governing transportation? How do we achieve results?

GOVERNANCE OPTIONS

Criteria for Assessing Governance Models

During the course of this study, the Washington Roundtable looked at how transportation is governed within all 50 states. We found relatively few governance models among all the states, but we looked to see if one model of governance was superior to the others, asking some simple questions:

- Did it renew statewide leadership?
- Did it result in stronger centralized planning for the interstate and state highway systems?
- Did it foster more accountability to the motoring public and taxpayers?
- Did it improve coordination and cooperation with regional and local governments?
- Did it develop clear standards for construction and performance of the highway system?
- Did it provide incentives for all the players to implement the standards?
- Was it driven by identified needs, not politics?
- Did it improve fiscal responsibility?
- And, most importantly, did it reduce the growth in traffic congestion?

Strong Commission Model (current WSDOT governance)

Washington State is nationally known for its populist roots. Our state has its executive power spread among nine separately elected statewide officials. Our citizens have the power of initiative. The legislature has the option of referendum. The governance of transportation is no exception to this pattern. The authority to plan and build state transportation projects is not vested in the governor, or any statewide elected official for that matter. It is vested in a seven-member citizens' commission. This system of governance evolved over time and its history is worth noting.

The first Highway Department in Washington State was created in 1905. Thirty-six years later, in 1941, the first Highway Advisory Commission was formed. In 1951, the legislature created a five-member Highway Commission for which members were appointed to six-year terms by the governor with the consent of the senate. The Highway Commission appointed the director, who served as an ex officio member of the commission and the Washington Toll Bridge Authority. The commission set policies for the department within limits proscribed by the legislature. As part of this reorganization, the Highway Department assumed control of the Puget Sound ferry system.

In 1977, the legislature reorganized the Highway Department into the Washington State Department of Transportation (WSDOT) that exists today. The seven-member Washington State Transportation Commission is a policy-setting panel appointed by the governor with the consent of the senate. By law, representation on the commission must be balanced. Four commissioners must reside in the western part of the state and three must reside east of the Cascades. No more than two members may reside in the same county, and no more than four commissioners may be members of the same political party. Six-year terms for the seven seats are staggered. No member may serve more than two consecutive terms.

Our commission system of governance is not unique. Thirty-two states have some kind of statewide transportation commission, board, or council, and 22 of these panels set policy for the department. And, as in Washington State, the majority of these panels (27 of the 32) are composed of gubernatorial appointees.

Our state's governance structure does vary from those of most other states in one important respect: The commission appoints the secretary of transportation as the executive of WSDOT. It also proposes the biennial and supplemental transportation budgets for the department, recommends legislation related to transportation, approves the issuance of highway bonds, and adopts policies and plans governing WSDOT. The secretary is responsible for implementing policies and for the day-to-day management of the department including overseeing its executive staff, five service centers, five modal divisions, and six regional offices.

Among all 50 states, 42 of the highest state level transportation officials are appointed by their governors. The remaining eight are appointed by their states' transportation commissions, boards, or councils.

The mission of WSDOT has also changed over the years. The 1977 reorganization firmly established WSDOT as a true multimodal transportation agency with responsibility for mass transit, airports, rail, marine ports, and nonmotorized transportation in addition to its previous responsibilities for highways and ferries. However, while WSDOT has been vested with apparent authority over transportation planning, it has virtually no control over the transportation-related actions of local governments.

Since 1951, our commission system of governing transportation has not vested much formal authority in the governor. Because an incumbent governor fills vacancies on the commission, and because the governor also gets the last word in submitting the executive branch budget to the legislature, transportation commissioners and WSDOT secretaries occasionally consult with the governor to reach consensus on important policy matters. Less frequently, the governor and the commission have clashed on policy issues.

Our decentralized commission form of governance became even more decentralized in 1990. As part of the GMA, regional transportation planning organizations (RTPOs) were created. Washington State now has 14 RTPOs covering 38 of our 39 counties. These regional agencies must adopt regional transportation plans and six-year transportation improvement plans and certify that local jurisdictions are meeting the transportation mandates of the GMA.

In 1991, the year Congress enacted ISTEA, the hand of regional councils was strengthened considerably. By federal law, any and all improvements to the interstate and state highway systems must be part of any regional council's metropolitan transportation plan if federal funds are involved or if the project is deemed regionally significant. Despite approval by the Transportation Commission, the legislature, and the governor, most major transportation projects cannot be built unless the regional council includes them in its metropolitan transportation plan.

A multitude of categorical funding pots, added over time in response to once pressing needs, adds even more complexity to how we manage our transportation system. Because these individual funds are created by state law, the solution lies with the governor, the legislature, and, to a lesser degree, WSDOT.

Strong Governor Model

Only 18 states give their governors both direct control over transportation and the authority to hire and fire the person in charge of the state transportation system. Among the 32 states with commissions, boards, or councils, ten limit the role of these panels to being advisory, thereby still vesting policy control in their governors. As noted previously, in all but eight states the governor appoints the state's top transportation official.

Much attention has been focused on Governor John Engler's Build Michigan plan, which focused on "repair, reform, and responsibility." This plan, which has only been partially implemented due to legislative opposition, was highlighted in the Washington Roundtable report *Why Transportation Matters*. The Governor made clear his intent to provide strong management at the state level by consolidating transportation staff and offices, improving maintenance of existing roads, planning new improvements using a corridor approach, achieving cost savings through contracting out, and realigning the responsibilities for over 23,000 miles of local roads by shifting management to the state.

Despite Governor Engler's bold transportation agenda being announced two years ago, many of his proposals were not fully implemented and others were deferred by the legislature to a study committee (which will issue its report in the year 2000). The limited success of the

Governor's effort was due in large part to strong resistance by cities and counties that opposed state takeover of certain local roads.

Strong Secretary Model

There is not a single state where the top transportation official appoints his or her own advisory panel, a prerogative that remains mostly vested in governors and is sometimes shared with the legislature. Similarly, most top officials are directly accountable either to the governor (in 42 states) or to policy-setting panels (in eight states). None governs an independent authority or agency beyond the direct political control of a higher authority.

Perhaps the last known example of a true so-called transportation czar was New York's Robert Moses. In the early 1930s, New York City was choked by overcrowding, corruption scandals made headlines, and the Great Depression was under way. The Big Apple lacked a coherent vision for its future. Despite these challenges, one man, Robert Moses, changed the face of New York City. He led the effort to build many of New York's major parkways, bridges, and tunnels that link its many boroughs. He opened public beaches on the shores of Long Island and built playgrounds and pools for children and low income housing for the poor. He left many lasting landmarks, including Lincoln Center and Shea Stadium. Moses accomplished these feats without ever having been elected to public office.

Moses led numerous state and local public authorities, most of which were autonomous from political control. He wielded more power than most legislators, mayors, and even governors. For this legacy he was posthumously named by *Life* magazine as one of the one hundred most influential Americans of the twentieth century. By the 1950s, there was a strong public backlash against his aggressive urban reconstruction efforts. Despite his achievements, Moses was forced to resign his many powerful positions in 1959. His last major assignment was president of the New York World's Fair.

Today, transportation is governed by many federal and state statutes outlining planning and environmental procedures, most of which require consultation and even shared decision-making among different levels of government and extensive public outreach and involvement. Small groups of disgruntled citizens also now have many avenues of appeal to delay or put a stop to transportation projects. All of this suggests that appointing a transportation czar would not necessarily in and of itself result in streamlined decision-making.

Stronger Regional Council Model

As previously noted, federal law now mandates regional planning. Any urbanized area with more than 50,000 people must have a regional council, a three-year transportation improvement plan, and a long-range metropolitan transportation plan covering a 20-year period. Those regional councils with populations exceeding 200,000 must develop congestion management systems.

Washington State has eight regional councils: Benton-Franklin Regional Council, Cowlitz-Wahkiakum Council of Governments, Puget Sound Regional Council, Southwest Washington Regional Transportation Council, Spokane Regional Transportation Council, Thurston Regional Planning Council, Whatcom County Council of Governments, and Yakima Valley Council of Governments. These regional councils serve as the state-mandated RTPOs for their respective regions.

The regional councils have clout. By federal law, no federally funded or regionally significant project can be constructed unless the regional council elects to include it in its metropolitan transportation plan. From time to time, proposals have been put forth in various states and Canadian provinces to strengthen regional transportation governance by adopting one or more of the following measures:

- Give regional councils or county governments more local option funding authority (with or without voter approval).
- Create congestion districts to levy a gas tax surcharge and dedicate revenues to state and local transportation projects within the region.
- Consolidate regional planning and highway construction into one agency.
- Merge roads and regional transit into one multimodal agency.
- Give regional councils more responsibility for state highways, with the state or provincial department of transportation serving more rural areas.

Three case studies are often cited as examples of stronger regional governance: the San Diego Association of Governments, the Georgia Regional Transportation Authority, and the Greater Vancouver Transportation Authority. Each bears some analysis.

Effective January 1998, California's legislature changed how it allocates federal and state gas tax revenues. Previously, the California Transportation Commission selected projects nominated by the California Department of Transportation (Caltrans) that fell into specified categories. The new law eliminated most funding categories and limited the commission's authority to designating "interregional," or rural, projects. Seventy-five percent of all revenues go to regional agencies such as the San Diego Association of Governments (SANDAG) and 25 percent go to interregional projects under state control. This change

shifted about \$50 million per year to regional control. In tandem with the change in state funding, voters approved a .05 percent sales tax dedicated to transportation improvements, generating an additional \$150 million per year for SANDAG. In total, SANDAG will be allocating about 40 percent of all transportation spending within its region.

In April 1999, the Georgia Regional Transportation Authority (GRTA) was created by state law and was vested with broad powers over all transportation and development projects in the 13-county metropolitan region surrounding Atlanta. The threat of losing federal highway funds due to high air pollution levels was the impetus for creating the new regional superauthority. GRTA now has the authority to withhold state funding from those local governments, including 159 special districts, that rebuff regional transportation and growth management planning decisions or that refuse to levy certain taxes and fees for transportation projects and air quality control. Under the new law, Georgia's department of transportation cannot spend money on the design or construction of any highway or transit improvement within the Atlanta region without GRTA's express approval. This far exceeds the veto power vested in regional councils by Congress when it passed ISTEA.

In July 1998, the province of British Columbia created the Greater Vancouver Transportation Authority (TransLink). The new regional agency has full authority for all transit, including ferries and rail, and for all major roadways, including 420 lane miles previously managed by the provincial government. In addition, the agency can impose transportation demand management and some air quality control measures. Existing sources of provincial road funding were dedicated to TransLink and new local funding sources were authorized. TransLink has adopted policies making it clear that it intends to be a transit-oriented agency that will de-emphasize traditional reliance upon highway capacity improvements. This is reflected in TransLink's 1999 combined operating and capital budget, which totals \$585.2 million (Canadian dollars), of which only 6 percent is dedicated to maintaining the existing road network.

All of the three regional models outlined above are new experiments in which the state or provincial legislative bodies only recently elected to vest more authority at the regional level. It is also fair to characterize each as a transit-oriented initiative designed to minimize future investments in new road capacity.

CONCLUSION

Structure versus Results

As part of this study, data were collected on the governance structures of all 50 state departments of transportation. Urban congestion data and other performance indicators were also collected for each state. Much to our surprise, there was no statistical correlation between the type of governance utilized by each state and transportation system performance.

This leads us to one inescapable conclusion: Improving transportation requires new state-mandated performance standards that foster accountability for state, regional, and local governments. Focusing on producing results will be more productive than attempting wholesale change in how we govern the system.

It should be noted, however, that the motoring public's growing frustration with traffic congestion may force wholesale change at the ballot box. This is especially true if state and local officials do not quickly embrace tough new standards that begin to bring about improvement in everyone's daily commute. A February 1999 Elway Poll indicated that transportation had moved to the head of the list as the problem that most concerned state voters—one percentage point ahead of the perennial leader, education.

The Washington Roundtable finds many parallels between reforming education and reforming transportation. Education reforms focused on accountability and outcomes and imposing new standards, including the testing of students. Those reforms are beginning to show results. The focus on learning made far more sense than attempting structural governance changes at the state or school district level. It should also be noted that federal and state welfare reforms followed a similar tack, imposing new standards and accountability instead of reshuffling the organizational chart.

RECOMMENDATIONS

Washington State needs a world-class transportation system, and that means good roads *and* good transit systems. One is not a substitute for the other. We have created very good transit systems in our state, but our highway system is clearly in trouble. The legislature, the Governor, and WSDOT should collaborate on a new set of transportation standards to address this challenge. The Washington Roundtable believes that the following thirteen recommendations contain the critical components of an effective transportation governance structure.

Adopting these recommendations will not completely eliminate congestion in our major cities, but doing so will greatly improve our situation. Most commuters will fare far better and, most importantly, we will improve our quality of life by not accepting gridlock as our transportation standard.

***RECOMMENDATION 1:
Require accountability for all players.***

Ultimate responsibility for improving urban freeways, expanding major arterials, and making other regionally significant transportation improvements, such as constructing bridges, is largely concentrated in regional planning councils that are not directly accountable to voters. The state highways system is performing poorly—both in terms of traffic congestion and cost-effectiveness. Some cities and counties are failing to build new infrastructure concurrently with growth, and some impose high administrative cost burdens on transportation projects. State, regional, and local governments must all be accountable for delivering results and for cooperating with one another to bring new transportation projects on line quickly and cost-effectively.

***RECOMMENDATION 2:
Create accountability through funding.***

Imposing new performance standards by themselves will be politically difficult. The highway lobby, transit lobby, cities and counties, regional councils, and even WSDOT will resist new state mandates. A legal argument can be made that Initiative 62 (Chapter 43.135 RCW) may actually prohibit imposing new mandates or standards on any taxing district (such as a city or county) unless it includes increased funding. New state transportation performance standards should be developed and coupled with new state funding or greater funding flexibility so that those new standards are more likely to be embraced.

RECOMMENDATION 3:
Improve funding and project delivery systems.

The state's own audit, the 50-state comparative data, and local government data all suggest that our state's transportation costs are higher than they should be. The DuPont interchange and the Interstate 90 replacement bridge projects demonstrate that WSDOT is capable of planning and building projects quickly and cost-effectively. WSDOT is best positioned to implement innovative statewide delivery systems for both projects and funding that can also be beneficial to local governments. Some streamlining measures will require legislation and legislative support. The state must improve the funding and management of transportation projects. This may require streamlining transportation project planning and permitting systems to reduce "soft costs." We also renew our call for setting time limits on the permitting process as one means of expediting decision-making.

RECOMMENDATION 4:
Adopt new design and construction methodologies.

National data indicate that those state departments of transportation that contract out a greater share of engineering and other services tend to have lower transportation project costs. Washington State has one of the more restrictive state laws limiting the ability of state agencies such as WSDOT to contract out. WSDOT should increase the amount of contracting out for engineering and other soft cost services and pursue public/private partnerships to create new corridors, to add lanes to existing corridors, and to build new bridges.

RECOMMENDATION 5:
Create mandatory physical standards for Highways of Statewide Significance.

WSDOT has recently designated Highways of Statewide Significance throughout the state. Unfortunately, state law does not give WSDOT the authority to set standards for the ultimate build-out of major freeway and highway corridors that are binding upon regional councils and local governments. This creates a fragmented system in which no one is clearly in charge of the state highway system. WSDOT must establish standards for the ultimate build-out of urban freeways that realistically allow for planning for the future of each corridor. WSDOT must consult with regional and local governments, but it must be the single agency ultimately responsible for establishing effective standards. Once established, these standards must be reflected in state, regional, and local transportation plans as a condition of future state transportation revenues.

RECOMMENDATION 6:

Establish clear GMA concurrency standards for transportation.

During the 1990s, despite implementation of the GMA, transportation improvements did not keep pace with population growth. Few transportation capacity projects were initiated during this decade, when our state population grew by over one million. Without further action, the transportation concurrency gap will widen in urbanized areas, keeping our urban areas among the most congested in the nation. The legislature must adopt enforceable concurrency standards that include meaningful sanctions for those local governments refusing to plan and build needed infrastructure.

RECOMMENDATION 7:

Require “maintenance of effort” by local governments.

It makes no sense for the state to increase transportation taxes and/or fees, distribute the resulting revenues to local governments, and then have many of those cities and counties in turn reduce their own funding for transportation. Supplanting local funds with state funds negates the whole purpose of dedicated user fees and must not occur. Yet, that is exactly what happened in the city of Seattle for a period of one decade, when local funding decreased. Seattle has since recognized that this strategy was shortsighted and has adopted strong pro-funding policies in its transportation strategic plan to make sure this episode is not repeated. The state should require maintenance of effort by local governments as a condition for receiving state distributions of transportation revenues.

RECOMMENDATION 8:

Limits administrative costs to 10 percent.

Both the state’s transportation audit and our 50-state comparative analysis suggest that Washington State imposes a high administrative cost burden on transportation projects. A review of local government accounting records spanning a decade shows that some cities and counties also have exceptionally high administrative costs. For state and local agencies receiving state transportation revenue distributions, the administrative costs should be limited to 10 percent. Comparative data indicate that this is a realistic goal for state and local governments to achieve.

RECOMMENDATION 9:

Reduce existing funding pots and target new monies for congestion relief and freight mobility.

During the course of many decades, the state has created over 50 major dedicated transportation funds and accounts, requiring a sizable staff within WSDOT just to keep track of

them. (About 20 percent of WSDOT's staff, or about 1,300 FTEs, including ten auditors, work year-round to ensure compliance with all regulations that attach to various dedicated funds and accounts.) The revenues in these funds are distributed to many of the more than 468 governmental entities that have some authority over transportation projects of one type or another. The resulting complexity and fragmentation often means that there is no single funding source for a major transportation project such as a new bridge in a highly congested corridor. In 1990, the federal government adopted ISTEA, which, among other things, streamlined the number of dedicated funds it uses. New transportation dollars should not flow through old categorical pots. They should flow to those state and local projects that create new capacity and reduce future congestion growth. This means reducing the number of funding pots and targeting funds to those projects that relieve congestion or increase freight mobility.

RECOMMENDATION 10:

Develop long-term, sustainable transportation funding solutions.

Taxpayers chafe at our state's high motor vehicle excise tax (MVET), and this in large part fueled the support for Initiative 695. More fuel-efficient cars have whittled away at gas tax revenues—meaning we drive more but pay less to do so. The technology now exists to charge drivers for the actual miles they drive. If you don't drive you don't pay, and vice versa. Yet, our funding system has remained much the same since World War II, failing to keep up with either inflation or the growth in traffic. It is time to explore a more reliable and fair method of funding our transportation needs that keeps pace with inflation and traffic growth, including the use of new technologies to pay for usage.

RECOMMENDATION 11:

Establish congestion districts for high-cost, congested urban areas.

Roughly 80 percent of our state's population, and resulting traffic congestion, is now concentrated in a dozen urban counties. It is politically difficult, and probably unfair, to raise transportation revenues in rural areas to pay for high-cost urban projects. There needs to be a way to finance these projects in urban centers so the beneficiaries pay a reasonable share for the benefits they receive. Congestion districts should be established in high-cost urban areas, with the revenues raised in those districts going exclusively to freeway and major arterial improvements, not local residential streets. Revenues should be raised and expended without creating a new bureaucracy and additional overhead expense.

RECOMMENDATION 12:

"Incentive-ize" new state money for local governments.

As a general proposition, counties and cities should pay for local projects. Local governments should also pay to maintain those projects once they are built. The state has a responsibility to help

local revenue sources keep pace with inflation. Beyond that, the state's principal interest in providing additional funding should be related to implementing statewide transportation priorities at the local level, not supplanting local funds with state funds. Once it has been assured that local governments have sufficient home-rule tax authority to pay for the basic maintenance and preservation of streets and arterials, new state transportation funds for local governments should be targeted to inflationary catch-up, capacity improvements, freight mobility, and some bridge projects that are beyond local capacity to construct or replace.

RECOMMENDATION 13:

Consider having new transportation projects pay for themselves.

New transportation capacity generates substantial economic benefits by paving the way for the new homes and work places needed to serve a growing population. These economic benefits include increased tax revenues of various types, such as sales taxes, property taxes, and real estate excise taxes. The legislature and the Governor should revisit the issue of dedicating the new tax revenues generated by such transportation projects to help pay for the improvements themselves. Tax incremental financing is a concept that can work if properly implemented.

BIBLIOGRAPHY

- Blue Ribbon Commission on Transportation. 1999. *Draft Issue Paper: Governance, Accountability and Fragmentation*. Seattle, WA. www.brct.wa.gov/
- Dobell, Ken. 1999. Presentation on Translink for the Washington Transportation Alliance, including hand-outs. 20 April. Vancouver, B.C.
- Elway, H. Stuart, Ph.D. 1999. "Transportation Moves to Head of Voters' Budget Priority List." *The Elway Poll* (February). Elway Research. Seattle, WA.
- Excell, Steven and Patricia Excell. 1998. *Organizational Structure and Governance of State Transportation Agencies*. Prepared for the Washington Roundtable and the Washington Transportation Alliance. Applied Demographics Corporation. Seattle, WA.
- Federal Highway Administration. 1998. "Highway Statistics 1997." *Highway Statistics Series*. U.S. Department of Transportation. Washington, D.C. www.fhwa.dot.gov/
- Georgia State Senate. 1999. *An Act to Provide for the Georgia Regional Transportation Authority*. SB 47. Summary prepared by the Governor's Office. Atlanta, GA.
- Hartgen, David T. and Nicholas J. Lindeman. 1999. *The ISTEA Legacy: Comparative Performance of State Highway Systems 1984–1997*. Eighth Annual Report. Center for Interdisciplinary Transportation Studies, University of North Carolina at Charlotte. Transportation publication report no. 186.
- Jensen, Tom, Greg Pierce, and Gene Schlatter. 1998. *Analysis of State, County and City Transportation Revenues and Expenditures, 10 Year Totals, 1987–1996*. Compiled for the Washington Transportation Alliance in cooperation with the Washington Roundtable. Seattle, WA.
- Lomax, Tim and David Schrank. 1998. *Urban Roadway Congestion: Annual Report 1998*. Texas Transportation Institute. Texas A&M University System. College Station, TX. <http://mobility.tamu.edu/>
- Translink. 1999. "Expanded Service GVTA Priority for \$385.5 Million 1999 Budget." News release, 9 March. Vancouver, B.C. www.gvrd.bc.ca/gvta/tapress.html
- Washington Roundtable. 1998. *Why Transportation Matters*. Seattle, WA.
- Washington State Department of Transportation. 1998. *Key Facts: A Summary of Useful Transportation Information*. Olympia, WA.
- Whitely, Peyton. 1998. "Seattle traffic crawls to top of list." *The Seattle Times*. 14 November.
- _____. 1999. "Buried in traffic? There's more cars on the road." *The Seattle Times*. 1 January.